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SUBJECT: PORT OF MATADI MISSES IMO DEADLINE

1. SUMMARY. During the first quarter of 2004, the International Maritime Organization (IMO) mandated that all ports worldwide improve their facilities and security measures to come in line with new International Ship and Port Facility Security (ISPS) code standards. The Port of Matadi, DRC has not met the July 1 deadline and may now face IMO sanctions. The port has completed approximately 85 percent of the changes and improvements required by the IMO. Post is not yet certain of what action the IMO will take. GDRC has until July 15 to respond to the IMO and request a grace period. END SUMMARY.

2. Upgrades to the Port of Matadi are approximately 85 percent complete, according to ONATRA (Congoese port authority). The main components still missing are the main access gates, CCTV network, and some equipment for the security and control offices. However, the security wall around Zone A (primary entry zone) has been completed and access to the Port is limited to only authorized shipping companies and government workers. Consultants from the port authority of Antwerp are still in the DRC to help complete the process.

3. Although ONATRA has not met the deadline, it expects to escape serious sanctions by the IMO. ONATRA has until July 15 to request additional time to repair the Port of Matadi. It will attach its plan for completing the rehabilitation of Matadi, which estimates a total cost of slightly over USD 4 million, of which USD 2 million comes from the World Bank Emergency Multisectoral Rehabilitation and Reconstruction Plan. ONATRA continues to work with the consultants from Antwerp to expedite the completion of security and infrastructure upgrades.

4. However, ONATRA may find itself in a difficult spot if an employee strike continues. The strike was originally to protest the taking of a tract of land which held ONATRA's only locomotive workshop in Kinshasa by the Ministry of Land Affairs for the purpose of residential construction. The Minister of Transportation and ONATRA moved to gain the support of Vice President for Reconstruction and Development Yerodia. The land was returned to ONATRA before any work could be done to transform it to residential property. However, the lost workhours due to the strike cost ONATRA approximately USD 380,000. Meanwhile, it only recently paid the workers' salaries for May. The workers are now protesting for the immediate payment of their June salaries.

5. COMMENT. Although ONATRA has made a strong effort to improve security and port operations at Matadi, they still fall short. Furthermore, financing from the GDRC to help complete the repairs is not coming as fast as is necessary. It is not clear what sort of action the IMO will take. Consensus opinion is that the Port will evade closure, however, lesser sanctions are possible. A grace period to complete the repairs and upgrades is certainly likely. As is the case with all Congoese government agencies or state owned enterprises, ONATRA is publicly assuming a best case scenario of no sanctions and a grace period. However, they are extremely concerned about the lack of funding from the GDRC and the looming possibility of sanctions. Nevertheless, ONATRA continues to have financial difficulties and the current strike only exacerbates its situation. The consequences of a closure of Matadi or of a sharp decline in traffic to the economy in the Western DRC would be serious as it is the DRC's only large international maritime port. END COMMENT.

HOOKS